

COMPONENTS OF A RAINY DAY FUND PROPOSAL (SB 137)

EXHIBIT NO. 1

Date 1-18-07

Bill No. SB 137

Terminology: Budget stabilization account

Type of Fund: Sub fund of the general fund (separate accounting entity, i.e., 01102)

Fund Size (Cap on size that the fund can be): (in Section 1 of the bill)

Balance in the budget stabilization account not to exceed 9 percent of the general fund appropriations and transfers for the biennium prior to the year in which the transfer is made...the determination of the maximum balance will be made by December 31 of each odd-numbered calendar year (the first determination would occur by December 31, 2007)

Source of monies going into the fund:

Section 1 provides for a transfer of 50 percent of the amount by which the audited ending unreserved and undesignated general fund balance exceeds 5 percent of all general fund appropriations and transfers during the prior biennium...by December 31 of odd-numbered calendar years, from the state general fund to the budget stabilization account ...with the first occurring by December 31, 2009 if moneys are available

Section 4 of the bill provides for an initial transfer that would take place on or before January 1, 2009, in an amount "by which the anticipated unrestricted ending fund balance is in excess of \$100 million."

Use of Fund:

The Governor would use funds to avoid or offset 17-7-140 spending reductions (Governor spends from the account when "trigger" occurs) (Section 1 of the bill)

Governor may not use the money in the account for any other purpose unless appropriated by the legislature

Withdrawals from the Fund:

The Governor is given authority to transfer from the budget stabilization account to the general fund so money is available to avoid 17-7-140 spending reductions (Section 2)

Governor may not transfer, during a biennium, more than 80 percent of the balance budget stabilization account to the general fund, or transfer more than would reduce the balance to \$5 million (Section 1)

Once funding is transferred or appropriated to the account and is at least \$5 million, balance to never fall below \$5 million (Section 1)

Effective Date: Upon passage and approval to allow earlier transfer (including the transfer in Section 4), but delaying the transfer of an excess fund balance amount described above (and in Section 1 of the bill) until after July 1, 2009

POTENTIAL TIMELINE BASED UPON PROPOSAL (SB 137)

